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Problems with UCOP's Proposed Salary Supplements for Grants

Officials at UC and other universities have been scrambling to replace resources lost to public funding cuts. Most seem still to see extramural research funds as net positive cash flow for the institution, which they are not (one news [link](#) from our ample coverage plus one [previous post](#)). But grants do provide funds for salaries, including partial salaries for faculty investigators, and with that in mind the Joint Senate-Administration Compensation Plan Steering Committee has hatched a [plan for a new policy](#) -- and [new personnel section APM-668](#) -- called the Negotiated Salary Program (NSP).

The basic motive is that the University needs to find funds to retain those faculty most at-risk of being recruited away by competing institutions. The rationale is that since state funds keep shrinking, the University must look to non-state funds to fill in the gaps, meaning looking to federal as well as private grants and donations. The model is the Health Sciences Compensation Plan (HSCP), which the proposal would extend to the campuses.

Agencies tie salary paid from a grant to research effort on that particular grants. The proposal [discussion](#) cites NSF and NIH language that forbids use of grant funds to augment a faculty member's salary (pp 4-6). The NSP is meant to be a workaround. It would allow faculty to apply to members of their campus administration, starting with their department chair, to use some portion of extramural revenues as a salary augmentation ("negotiated salary component") for a finite period (1-2 years).

We post below a comment from Stanton A. Glantz, a faculty member in UCSF's School of Medicine. It discusses the major issues raised by the NSP proposal in the context of his knowledge of the health sciences plan itself.

The Health Sciences Compensation Plan (HSCP) programs has several origins:

- Very few faculty are supported by permanent state-funded lines.
- A substantial part of the revenues to pay faculty salaries comes from clinical revenues.
- Schools of medicine, nursing, dentistry and pharmacy, in addition to their academic mission, run major nonprofit businesses providing clinical care. (This is unique: law schools do not run large scale legal practices; business and engineering schools do not manage businesses that produce actual products.)
- As a result, health sciences schools have to provide salaries that are high enough to hold clinical service providers who could be doing the same thing out in the community. Indeed, these plans were originally developed as part of moving from volunteer faculty to "strict full time" faculty paid by the University. Thus these comp plans require that faculty not have any outside professional income related to their professional practice; any such income has to be paid into the departmental comp plan.
- In recent years, in an effort to encourage generating more clinical revenues, the plans have moved more and more to an individualized incentive structure.
- Grant income has not generally been part of that structure. Indeed, in some highly compensated clinical departments (like surgery and anesthesia), I have heard of cases where faculty were threatened with salary cuts because they got grants that did not pay for the clinical revenue lost because the faculty member was obligated to do the research. (NIH has a salary cap, currently about \$199,000.)

At the same time, there has been more and more pressure to get grants as a way of bringing more money into the University and thus bringing in more indirect costs. This has been enshrined in policies in some departments (such as the UCSF Department of Medicine) requiring a certain type of grant (and NIH R01) as a condition for promotion to associate professor, where most faculty are brought in as adjunct faculty until they get an NIH R01.

There are several problems with this:

- Since the federal indirect cost rate is below actual indirect costs (by design, since the federal government requires cost sharing by the university), the more grant money that comes in, the greater the financial shortfall for the department (or school or campus) as a whole. The indirect cost rate on

nonfederal grants is even lower. (The University keeps talking about increasing the indirect cost recovery, but the probability that they will ever break even, much less turn a profit, on indirect costs is zero.)

- In the past, these shortfalls have been made up with surplus clinical revenue. This is becoming more and more difficult as reimbursement is squeezed as part of health care cost containment.
- On a general campus, which does not have this source of money, the shortfall will have to be made up with cuts elsewhere, most likely teaching and non-extramurally supported research programs. (This is likely happening even at UCSF.)
- There are no meaningful controls on growth. The tradition at UCSF (and lots of other places) is that anyone who can get a grant (what NIH calls a K award, a career development award for junior faculty) that the department likes can join the faculty. There is little or no attention to larger programmatic issues and, when these grants run out, there are often crises in supporting these people. This was not so much an issue in past years when the NIH budget was growing, but there are now huge problems because the NIH budget is stabilizing or shrinking in real terms. (In many ways, this situation is like the subprime crisis: Everything is dandy during rapid growth, but there is a reverse multiplier effect when the growth slows or stops.)
- It is of questionable legality. It is my understanding that the federal government and other agencies pay a fraction of salaries based on what the salaries for comparable position and actual effort devoted to the project are. A system that effectively pays a “commission” for getting extramural grants would violate this principle.
- The department (or school or campus) effectively turns over control over its future to extramural funding agencies, chasing whatever their priorities are for the moment.
- There are serious academic freedom issues. If getting a grant from an extramural agency is a condition of employment, promotion, or even salary, people with other interests suffer discrimination. The first question becomes not, “is this an important idea,” but “who will buy it?”

While not precisely the same issue, the UCSF Senate has been trying to deal with related issues of faculty ending up in the wrong series as a result of similar problems (e.g., [this report](#))

See also Warren Gold's astute comments on the topic:

As we discussed before, the problem with the medical school process of X, Y, and Z components is that it does lead to inequity, not equity. X is the base salary that applies throughout the department, e.g., medicine, of which I am a member. But the other components are negotiable with the Chair. And such negotiations lead to a situation in which new young hot shots, who had to be lured from other campuses may be earning as much or more than senior members of the division or department because it takes more money to secure the new hire, or prevent the older department member from being recruited elsewhere. When the process has been running for a few years, you end up with very different salaries within the same division or within the same department regardless of the actual professorial grade or step. When you add in the fact that the majority of our faculty are not ladder rank, but may be in clinical, ladder or other series and their salaries may depend on clinical income and/or grants, the situation becomes even more complex and unequal

There has been an effort for last few years to try to return the salaries to some relation to the actual professorial rank, but I do not think it has been very successful so far.

I think this approach in the general campuses would be a disaster for all the reasons we have discussed including decreasing state support, increasing private support, and increasing inequity.